



THOMAS L. GARTHWAITE, M.D.
Director and Chief Medical Officer

FRED LEAF
Chief Operating Officer

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
313 N. Figueroa, Los Angeles, CA 90012
(213) 240-8101

BOARD OF SUPERVISORS

Gloria Molina
First District

Yvonne Brathwaite Burke
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

June 5, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

THE COMMUNITY HEALTH PLAN
(All Districts) (3 Votes)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Accept and instruct the Director of Health Services, or his designee, to sign Amendment No. 3 to the State/County Managed Risk Medical Insurance Board ("MRMIB") Agreement No. 00MHF007, (Exhibit I), for the Healthy Families Program ("HFP") services in the amount of \$21,209,503 effective July 1, 2003 through June 30, 2004.
2. Approve and instruct the Director of Health Services, or his designee, to offer and execute standard form agreement amendments, substantially similar to Exhibit II, with Community Health Plan ("CHP") HFP contractors listed on Attachment B, effective July 1, 2003 through June 30, 2004, and authorize the Director of Health Services to approve revisions to the agreements that are substantially similar as required by the State Department of Managed Health Care ("DMHC"), following the review and approval of County Counsel, effective July 1, 2003 through June 30, 2004.
3. Approve and instruct the Director of Health Services, or his designee, to offer and execute Amendment No. 3 to Agreement No. H-213197, substantially similar to Exhibit III, with Alert Communications Company ("Alert") for the provision of 24-hour telephone answering support services, to extend the agreement from July 1, 2003 through June 30, 2004, for a maximum obligation of \$102,000, 100% revenue off-set by funding received from the County Temporary Employee Program, and capitation funding received under agreement with the L.A. Care Health Plan ("L.A. Care"), MRMIB, and the Personal Assistance Services Council ("PASC").

4. Approve and instruct the Director of Health Services, or his designee, to offer and execute agreements for providers of CHP's HFP, Medi-Cal Managed Care Program/County Temporary Employee Program ("MMCP/CTEP"), and the PASC-SEIU Homecare Worker Health Plan ("Health Care Plan") listed in Attachment C, with terms and conditions substantially similar to the Agreement Amendment in Exhibit II and the original agreement previously approved by the Board on June 20, 2000 and consistent with State law, coterminous with previously approved agreement for providers of the same CHP product line.
5. Find that special circumstances exist to justify a waiver of the jury service program requirement for subcontractors of certain hospital contractors providing services under the CHP HFP Agreements.

PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTIONS:

The Department of Health Services ("DHS" or "Department") is recommending the above actions to:

- 1) execute an agreement with MRMIB to continue the funding of the CHP HFP for one year through June 30, 2004;
- 2) extend and incorporate County-required contract provisions through June 30, 2004 with HFP contractors listed on Attachment B, and authorize the Director to approve revisions to the agreements as required by the DMHC, following the review and approval of County Counsel;
- 3) extend Agreement No. H-213197 with Alert for one year through June 30, 2004 to ensure uninterrupted telephone answering services for CHP until such services are outsourced to an administrative vendor;
- 4) authorize the Director of Health Services, or his designee, to offer and execute Board approved form agreements for CHP's MMCP/CTEP, HFP, and the Health Care Plan product lines of business, with the interested providers listed on Attachment C, revised from the list of authorized potential contractors previously approved by the Board, for the appropriate service category including hospital, primary care, and primary/specialty care services, that meet the CHP's contracting criteria listed on Attachment D; and authorize the Director to approve revisions to the agreements as required by the State DMHC, following the review and approval of County Counsel, for the term of the current programs, and
- 5) waive the Contractor Employee Jury Service Program Ordinance, Chapter 2.203 of the County Code, for subcontractors of certain hospital contractors providing health care services under CHP HFP agreements listed in Attachment E. The waiver would only apply to the subcontractors of the hospital contractors and not to the hospitals themselves. A number of hospital contractors contend that such requirement creates an unacceptable financial risk when serving CHP members on a capitated basis. Without CHP HFP agreements in place, the CHP is in jeopardy of violating the Knox-Keene Act, which establishes the licensing requirements for health care service plans in California. Among other things, the Knox-Keene Act requires the CHP to maintain agreements with qualified providers of hospital, primary/specialty care,

and pharmaceutical services, and to ensure that such providers are accessible to all CHP members. The Department of Health Services (DHS or Department) does not believe it can identify qualified health care contractors to replace those that will not accept the jury service requirement. Accordingly, the Department recommends approval of the special circumstances waiver.

Extension of the sole source agreement with Alert will ensure CHP's members and service providers have access to 24-hour telephone assistance services as required under the CHP's Knox-Keene license to operate as a Health Maintenance Organization ("HMO"). Under the DHS System Redesign, which was presented to the Board in June, 2002, the Department concluded that the outsourcing of such services with an administrative services vendor would be more cost effective.

Approval of the providers listed in Attachment C will increase the number of providers and improve access to services in CHP's service network for the MMCP/CTEP, HFP, and Health Care Plan through agreements which will be updated to reflect all current standard County contract provisions.

Existing County policy and procedures require the timely submission of contracts for Board approval; however, the agreement amendments were not scheduled for placement on the Board's agenda three weeks prior to the July 1, 2003 effective date, because agreement on rates were only recently agreed upon by MRMIB; with DHS only recently receiving the MRMIB amendment from the State, and certain contracted hospitals have only recently indicated that they would accept the HFP provider agreement under a jury service special circumstance waiver.

FISCAL IMPACT/FINANCING:

Funding for the HFP is provided by MRMIB on a per member, per month basis, at a capitated rate for each HFP beneficiary enrolled in CHP.

The County maximum obligation for Agreement Amendment No. H-213197-3 with Alert is \$102,000, 100% revenue offset by funding received from L.A. Care Health Plan, MRMIB, PASC, and CTEP.

Funding for renewal agreements for HFP providers and any new providers for HFP, MMCP/CTEP, and Health Care Plan is 100% offset by capitation payments received by CHP for each enrollee.

There is no fiscal impact for waiving the jury service program requirement for the subcontractors of certain CHP HFP hospital contractors.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

The CHP, a full-service Knox-Keene licensed and federally qualified HMO, is the County's publicly operated HMO administered by the DHS Office of Managed Care. CHP provides services funded by L.A. Care for Medi-Cal beneficiaries under the State's Two-Plan Managed Care Program, County for the health plan for County's temporary employees, MRMIB for HFP subscribers, and PASC In-Home Supportive Services workers.

HFP - MRMIB Agreement

On May 19, 1998, the Board approved State/County Agreement No 97MHF063 with MRMIB, effective May 1, 1998 through June 30, 2000. On June 20, 2000, the Board approved State/County Agreement No. 00MHF007 to provide for uninterrupted health services to eligible children under the CHP/HFP through June 30, 2003.

On June 13, 2001, the Board approved the State/County Agreement Amendment No.00MHF007-1 with MRMIB which provided for revised rates of payment to the County, effective July 1, 2001 through June 30, 2002 and additional program reporting requirements.

On June 18, 2002, the Board approved the State/County Agreement Amendment No. 00MHF007-2 with MRMIB which provided for revised rates of payment to the County, effective July 1, 2002 through June 30, 2003.

HFP Provider Agreements

On May 19, 1998, the Board approved County/Provider Subcontract program agreements with private providers, including a "network" agreement with Universal Care, to provide health services to eligible children under the HFP. On June 20, 2000, the Board approved a new agreement for Universal Care and a standard form agreement effective July 1, 2000 through June 30, 2003, which included additional program requirements and revised rates to current contractors. The same standard form agreements were used to contract for services under the CHP/HFP with identified providers to expand the CHP HFP service network.

Health Care Plan Provider Agreements

On January 8, 2002, the Board approved the CHP Health Care Plan standard agreements and related rates, effective January 8, 2002 through June 30, 2006.

MMCP/CTEP Provider Agreements

On March 19, 2002, the Board approved revisions to the MMCP/CTEP standard form agreements. As a result of subsequent amendments approved by the Board, these agreements were extended to December 31, 2004.

Alert Communications Company Agreement

On November 20, 2001, the Board approved Agreement No. H-213197 for the provision of 24 hour telephone answering support services which allow CHP members and providers from MMCP/CTEP, HFP, and Health Care Plan programs to use 24-hour telephone availability related to member eligibility, health care, urgent care and emergency services as required under CHP's Knox-Keene license.

On September 17, 2002, the Board approved Amendment No. 1 to Agreement No. H-213197 extending the Alert Communications Company agreement through March 31, 2003, with a maximum obligation of \$51,000.

On December 17, 2002, the Board approved Amendment No. 2 to Agreement No. H-213197 extending the Alert Communications Company agreement from April 1, 2003 through June 30, 2003.

Waiver of the Jury Service Requirement

Under existing law, the Knox-Keene Act provides for the regulation and licensing of the CHP by the DMHC, which requires the CHP to maintain contractor agreements for health care services provided under its license. In order for the CHP to keep its license in the geographic areas it serves, the CHP must maintain agreements with a sufficient quantity of qualified health care contractors. For example, the State's rules require that the CHP have contractual relationships with enough health care contractors so that a CHP member will not have to travel more than 15 miles to obtain health care service.

The jury service ordinance requires County contractors and subcontractors to provide their full-time California employees with at least 5 days of jury service benefits. A number of hospital contractors indicated they would not accept the inclusion of the jury service requirements by contending that such requirement creates an unacceptable financial risk in serving CHP members on a capitated basis, especially to the extent it must be imposed on all subcontractors. These hospital contractors are critical for the CHP to continue to meet its obligations under the state licensed program. Without CHP HFP agreements in place, CHP is in violation of the Knox-Keene Act licensing requirements, which could lead to de-licensure by DMHC in areas served by these contractors resulting in subsequent loss of CHP membership and capitation monies.

After considerable negotiations, the hospital contractors have agreed to adopt jury service policies for their own employees which are consistent with the requirements of the ordinance, as long as the County approves a special circumstances waiver that relieves the hospitals from having to apply the ordinance to their subcontractors. Hospitals enter into numerous subcontracts for the provision of all types of goods and services. The subcontracts, according to the hospitals, generally provide supplies and services for the entire hospital operation with only a fraction of the subcontracted goods and services directly benefitting the CHP, such that it would be infeasible to track what portion, if any, of a given subcontract related to the CHP. More broadly, though, the hospitals have stated that the obligation to administer, negotiate, impose, and enforce the ordinance with respect to all subcontractors would be infeasible, if not impossible, and that it would clearly create an unacceptable financial risk for the hospitals in the context of servicing CHP members on a capitated basis.

Section 1375.5 of the Health and Safety Code prohibits a contract between a health care service plan and a risk-bearing organization from including any provision that requires such organization to be at financial risk for the provision of certain health care services, unless the provision has first been negotiated and agreed to between the health care service plan and contractor. CHP is currently evaluating the fiscal impact of the health services contractor under this section. CHP will accordingly assume financial risk of injectable medications as set forth in California Health and Safety Code section 1375.8 until this analysis is completed.

Attachments A, B, C, D, and E provide additional information.

Exhibits I, II, and III have been approved as to form by County Counsel.

CONTRACTING PROCESS:

The standard form CHP/HFP agreement amendments, or substantially similar, will be offered to the interested and qualified providers listed on Attachment C following approval by the Board.

The Honorable Board of Supervisors
June 5, 2003
Page 6

IMPACT ON CURRENT SERVICES (OR PROJECTS):

The State/County MRMIB agreement provides the County's continued participation in the State's HFP providing for uninterrupted services; the HFP agreement amendments provide for continued and uninterrupted services for HFP subscribers; the addition of new providers will expand the County's HFP, MMCP/CTEP, and Health Care Plan service network.

When approved, this Department requires four signed copies of the Board's action.

Respectfully submitted,



Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

TLG:po

Attachments (3)

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

BLET2338.PO

SUMMARY OF COMMUNITY HEALTH PLAN (CHP) SERVICE AGREEMENTS

1. Type of Service:

The State/County Managed Risk Medical Insurance Board (MRMIB) funds CHP health services to eligible individuals. These services are delivered under the CHP's County/Provider Subcontract Programs through: 1) County facilities, 2) primary/specialty care contractors affiliating with private hospital contractors; 3) primary care contractors affiliating with County hospitals; 4) network provider, and 5) subcontracted pharmaceutical service providers under the pharmacy benefit management contractor. Under the agreement with Alert, CHP provides twenty-four hour telephone support services to CHP members and providers.

2. Agency and Contact Person:

State of California - Managed Risk Medical Insurance Board (MRMIB)
1000 G. Street, Suite 450, Sacramento, California 95814
Attention: Don Minnich, Telephone (916) 322-1215

Alert Communications Company
5515 York Blvd.
Los Angeles, CA 90042
Attention: John Houssman, CFO, Telephone: (323) 254-7174

The Department is requesting a waiver of the jury service requirement for the subcontractors of the CHP HFP hospital contractors listed on Attachment E.

3. Term:

The State/County MRMIB Amendment No. 00MHF007-3 term is July 1, 2003 through June 30, 2004. The related County/Provider Subcontract Program agreements term is July 1, 2003 through June 30, 2004. The Amendment to Agreement No. H-213197 term is July 1, 2003 through June 30, 2004.

4. Financial Information:

MRMIB provides funding for the HFP on a per member per month basis, at a capitated rate for each HFP beneficiary enrolled in CHP. Revenue is retained by the CHP for administrative overhead.

The County maximum obligation for Agreement Amendment No. H-213197-3 with Alert is \$102,000, 100% revenue offset by funding received from L.A. Care Health Plan for the Medi-Cal Managed Care Program, MRMIB for the HFP, Personal Assistance Services Council for the PASC-SEIU Homecare Worker Health Care Plan, and the County Temporary Employee Program.

5. Geographic Area To Be Served:

Countywide.

6. Accountable for Monitoring:

Pauline Rodriguez, Acting Director, Office of Managed Care.

7. Approvals:

Office of Managed Care:	Pauline Rodriguez, Acting Director
Contracts and Grants Division:	Riley J. Austin, Acting Chief
County Counsel:	Edward Morrissey, Deputy County Counsel

ATTACHMENT B

Community Health Plan HEALTHY FAMILIES PROGRAM

These contracts are scheduled to expire on June 30, 2003
The amendment term will be effective July 1, 2003 through June 30, 2004.

	CONTRACTOR'S NAME	Contract Type Services	Contract # (Current)	Affiliate
1	CHWSC dba California Hospital Medical Center	Hospital	H212000	Health Care L.A.
2	Citrus Valley Health Partners	Hospital	H211227	Alta Med
3	Citrus Valley Health Partners	Hospital	H211225	Doctors Medical Group
4	Citrus Valley Health Partners	Hospital	H211226	Citrus Valley Physicians Group
5	Citrus Valley Health Partners	Hospital	H211230	Health Care L.A.
6	Gardena Hospital LP dba Memorial Hospital of Gardena	Hospital	H211775	Capnet
7	Tenet Health System - (Garfield Medical Center)	Hospital	H211521	Physician Healthways Medical Corporation
8	Tenet Health System - (Delaware Corporation)	Hospital	H211740	Capnet
9	Universal Care, Inc.	Network Agreement	H211224	
10	Central City Community Health Center	Primary	H211265	
11	Central Neighborhood Medical Group, Inc.	Primary	H211261	
12	Community Health Alliance of Pasadena	Primary	H211386	
13	Durfee Family Care Medical Group	Primary	H211191	
14	El Dorado Community Health Center	Primary	H211229	
15	Koryo Health Foundation	Primary	H211263	
16	Meridian Medical Group, P.C., A Professional Medical Corporation aka Capnet IPA	Primary	H211205	
17	Mission city Community Network, Inc	Primary	H211385	
18	Northeast Community Clinic	Primary	H211294	
19	Razi Medical, Inc., Shahla Rad, M.D.	Primary	H211264	
20	Tender Care	Primary	H211909	
21	The Children's Clinic	Primary	H211464	
22	Transpacific Medical Network	Primary	H211262	
23	Universal Care, Inc.	Primary	H211219	
24	Universal Primary Care	Primary	H211298	
25	URDC Human Services Corp.	Primary	H211240	
26	Westside Neighborhood Clinic	Primary	H211299	
27	Alta Med Health Services Corporation	PSC	H211420	Citrus Valley Health Partners
28	Citrus Valley Physicians Group, A Medical Corporation	PSC	H211301	Citrus Valley Health Partners
29	Doctors Medical Group	PSC	H211239	Citrus Valley Health Partners
30	Health Care L.A.	PSC	H211295	California Hospital Medical Center
31	Health Care L.A.	PSC	H211297	Citrus Valley Health Partners
32	Meridian Medical Group, P.C., A Professional Medical Corporation aka Capnet IPA	PSC	H211176	Tenet Health System
33	Meridian Medical Group, P.C., A Professional Medical Corporation aka Capnet IPA	PSC	H211178	Memorial Hospital of Gardena
34	Physicians Healthways Medical Corporation	PSC	H211273	Tenet Health System – Garfield

COMMUNITY HEALTH PLAN RECOMMENDED CONTRACTORS

	Contractor Name	Type of Exhibit	Primary DMHC Area(s)
1	Alta/Bellwood General Hosp	Hospital	East
2	Antelope Valley Medical Center	Hospital	Antelope Valley
3	Bellflower Medical Center	Hospital	East
4	Beverly Hospital	Hospital	East
5	Catholic Healthcare West Southern California	Hospital	Various
6	Downey Hospital	Hospital	East
7	East Los Angeles Doctors Hospital	Hospital	East
8	Glendale Adventist Hospital	Hospital	W. San Gabriel Valley
9	Glendale Memorial Hospital	Hospital	W. San Gabriel Valley
10	Huntington Memorial	Hospital	W. San Gabriel Valley
11	Jupiter Bellflower Doctors Hospital	Hospital	East
12	Lancaster Community Hospital	Hospital	Antelope Valley
13	Methodist Hospital	Hospital	W. San Gabriel
14	Pacific Health Corp.	Hospital	Various
15	Pacifica Hospital of the Valley	Hospital	NE San Fernando Valley
16	Pomona Valley Hospital Medical Center	Hospital	Pomona
17	Presbyterian InterCommunity Hospital	Hospital	East
18	Robert F. Kennedy Medical Center	Hospital	South
19	Santa Teresita Hospital	Hospital	W. San Gabriel
20	Sherman Oaks Hospital	Hospital	SE San Fernando Valley
21	St. Francis Hospital Medical Center	Hospital	South
22	St. Mary's Hospital	Hospital	South Bay
23	Tenet HealthSystem Hospitals, Inc.	Hospital	Various
24	Valley Presbyterian Hospital	Hospital	NE San Fernando Valley
25	Henry Mayo Newhall Memorial Hospital	Hospital	Antelope Valley
26	L.A. Metropolitan Hospital	Hospital	Metro
27	Little Company of Mary Hospital	Hospital	South Bay
28	Verdugo Hills Hospital	Hospital	W. San Gabriel
29	Albertson's/Sav-ons	Pharmacy Chain	Countywide
30	Walgreen's	Pharmacy Chain	Countywide
31	Accountable Health Plan Medical Group	Primary or Primary/Specialty	Various
32	Alliance Health Medical Group	Primary or Primary/Specialty	Various
33	Allied Physicians IPA	Primary or Primary/Specialty	Various
34	Alpha Care Medical Group, Inc.	Primary or Primary/Specialty	Pomona
35	Altamed Health Services Corp.	Primary or Primary/Specialty	West San Gabriel Valley
36	Angeles IPA	Primary or Primary/Specialty	Various
37	Arroyo Vista Family Health Foundation	Primary or Primary/Specialty	West San Gabriel Valley
38	Asian Community Medical Group, Inc	Primary or Primary/Specialty	South Bay
39	Asian Pacific Health Care Venture	Primary or Primary/Specialty	Metro
40	Avalon Municipal Hospital and Clinic	Primary or Primary/Specialty	South Bay
41	Bao Quoc Le, MD, Inc.	Primary or Primary/Specialty	South Bay
42	Bay Area Addiction and Treatment, Inc.	Primary or Primary/Specialty	Various
43	Clinica Medica San Miguel	Primary or Primary/Specialty	SE San Fernando Valley
44	Clinical Msr. Oscar Romero	Primary or Primary/Specialty	Metro

COMMUNITY HEALTH PLAN RECOMMENDED CONTRACTORS

	Contractor Name	Type of Exhibit	Primary DMHC Area(s)
45	Community Family Care Medical Group IPA, Inc.	Primary or Primary/Specialty	Various
46	Coto Family Medical Clinic	Primary or Primary/Specialty	South
47	East Los Angeles Health Task Force	Primary or Primary/Specialty	West San Gabriel Valley
48	East Valley Community Health Center	Primary or Primary/Specialty	East San Gabriel Valley
49	El Proyecto del Barrio, Inc.	Primary or Primary/Specialty	Various
50	Employee Health Systems Medical Group, Inc.	Primary or Primary/Specialty	Various
51	Exceptional Care Medical Group	Primary or Primary/Specialty	Various
52	Family Planning Centers of Greater L.A., Inc.	Primary or Primary/Specialty	Various
53	Franciscan Clinics	Primary or Primary/Specialty	Various
54	Gallatin Medical Foundation	Primary or Primary/Specialty	East
55	Global Care IPA	Primary or Primary/Specialty	Various
56	Harvard Health Care	Primary or Primary/Specialty	Various
57	Healthcare L.A.	Primary or Primary/Specialty	Various
58	Healthsmart Pacific	Primary or Primary/Specialty	Various
59	Joy Medical Associates	Primary or Primary/Specialty	Various
60	JWCH	Primary or Primary/Specialty	Metro
61	La Vida Medical Group & IPA	Primary or Primary/Specialty	Various
62	La Vida Multispecialty Medical Centers, Inc., A Medical Corporation	Primary or Primary/Specialty	Various
63	Los Angeles Free Clinic	Primary or Primary/Specialty	Metro
64	Medicina Familiar Medical Group	Primary or Primary/Specialty	SW San Fernando Valley
65	Meridian Medical Group, P.C. A Prof.Med.Corp. Aka Capnet IPA	Primary or Primary/Specialty	Various
66	Mission City Community Network, Inc.	Primary or Primary/Specialty	NW San Fernando Valley
67	Mobohy Medical Group	Primary or Primary/Specialty	Various
68	New Horizons Medical Group	Primary or Primary/Specialty	Pomona
69	Noble Community Medical Associates	Primary or Primary/Specialty	Various
70	Noobar Janoian, MD, A Professional Corporation	Primary or Primary/Specialty	West San Gabriel Valley
71	Northeast Community Clinic	Primary or Primary/Specialty	West San Gabriel Valley
72	Northeast Valley Health Corporation	Primary or Primary/Specialty	NE San Fernando Valley
73	Omnicare Medical Group	Primary or Primary/Specialty	South
74	Physician Healthways Medical Group	Primary or Primary/Specialty	Various
75	Preferred IPA of California	Primary or Primary/Specialty	Various
76	Prospect Medical Holdings, Inc.	Primary or Primary/Specialty	Various
77	Prospect Medical Holdings, Inc.	Primary or Primary/Specialty	Various
78	Ramona Health Plan Medical Group	Primary or Primary/Specialty	East San Gabriel Valley
79	Regent Medical Group	Primary or Primary/Specialty	Various
80	San Miguel Medical Group	Primary or Primary/Specialty	Various
81	Santa Marta/Bella Vista Medical Group	Primary or Primary/Specialty	East
82	South Atlantic Medical Group	Primary or Primary/Specialty	W. San Gabriel
83	South Bay Family Healthcare Center	Primary or Primary/Specialty	South Bay
84	South Central Family Health Center	Primary or Primary/Specialty	South
85	Southland-San Gabriel Valley Medial Group Inc.	Primary or Primary/Specialty	East
86	T.H.E. Clinic, Inc.	Primary or Primary/Specialty	South
87	Tarzana Treatment Center	Primary or Primary/Specialty	SW San Fernando Valley
88	The Children's Clinic	Primary or Primary/Specialty	South Bay

**COMMUNITY HEALTH PLAN
RECOMMENDED CONTRACTORS**

	Contractor Name	Type of Exhibit	Primary DMHC Area(s)
89	Venice Family Clinic	Primary or Primary/Specialty	West
90	Western University Medical Center	Primary or Primary/Specialty	East

COMMUNITY HEALTH PLAN ATTACHMENT D
CRITERIA FOR INTERESTED PROVIDERS

- Meets the administrative, programmatic, and fiscal objectives of the Community Health Plan (CHP) business model.
- Agrees to accept as patients, individuals enrolled in the CHP.
- Demonstrates fiscal viability.
- Agrees to comply with CHP's Insurance and Reinsurance requirements.
- Locates service sites within Los Angeles County.
- Accepts CHP reimbursement rates.
- Agrees to cooperate in the areas of: utilization management, quality assurance, encounter/visit data and other reporting requirements, and regular monitoring/auditing of all aspects of service delivery to individuals enrolled in the CHP.
- Agrees to cooperate in the development and implementation of any other processes which may be necessary or appropriate to CHP enrollees.
- Accepts the terms and conditions of the CHP Agreement.
- Demonstrates compliance with the geographic accessibility requirements under Knox-Keene Licensure and the State Department of Health Services.
- Complies with the CHP site certification process.
- Complies with the CHP credentialing process.

ATTACHMENT E**Community Health Plan
HEALTHY FAMILIES PROGRAM****JURY SERVICE PROGRAM ORDINANCE WAIVER**

CONTRACTOR'S NAME		Contract Type Services	Contract # (Current)	Affiliate
1	Centinella Hospital (Tenet)	Hospital	H211740	Capnet
2	Garfield Hospital (Tenet)	Hospital	H211521	Physicians Healthways
3	Community Hospital of Huntington Park (Tenet)	Hospital	H211740	Capnet
4	Mission Hospital of Huntington Park (Tenet)	Hospital	H211740	Capnet
5	Monterey Park Hospital (Tenet)	Hospital	H211740	Capnet
6	California Hospital Medical Center (Catholic Healthcare West)	Hospital	H212000	Health Care L.A.

STATE OF CALIFORNIA

STANDARD AGREEMENT

APPROVED BY THE ATTORNEY GENERAL

STD. 2 (REV. 8-89)

CONTRACT NUMBER	AM. NO.
00MHF007	A.3.
CONTRACTOR'S FEDERAL I. D. NUMBER	
95-6000927	

THIS AGREEMENT, made and entered into July 1, 2003, in the State of California, by and between State of California, through its duly elected or appointed, qualified and acting

TITLE OF OFFICER ACTING FOR STATE	AGENCY	
Executive Director	Managed Risk Medical Insurance Board	hereafter called the State and
The County of Los Angeles,		
dba: Community Health Plan		

hereafter called the Contractor.

WITNESSETH: That the Contractor for and in consideration of the covenants, conditions, agreements and stipulations of the State hereinafter expressed, does hereby agree to furnish to the State services and materials as follows:

Amendment Number Three
to
Agreement Number 00MHF007

This Agreement is hereby amended for the purpose of extending the Agreement for one additional year, for specifying any geographic coverage changes, for revising the payment structure for the health consumer survey, for revising the Confidential Attachment, Rates of Payment for July 1, 2003 through June 30, 2004, and to make other administrative and technical changes.

CONTINUED ON _____ SHEETS, EACH BEARING NAME OF CONTRACTOR AND CONTRACT NUMBER.

The provisions on the reverse side hereof constitute a part of this agreement.
IN WITNESS WHEREOF, this agreement has been executed by the parties hereto, upon the date first above written.

STATE OF CALIFORNIA		CONTRACTOR	
AGENCY		CONTRACTOR (If other than an individual, state whether a corporation, partnership, etc.)	
Managed Risk Medical Insurance Board		The County of Los Angeles,	
BY (AUTHORIZED SIGNATURE)		dba: Community Health Plan	
PRINTED NAME OF PERSON SIGNING		BY (AUTHORIZED SIGNATURE)	
Dennis Gilliam		Thomas L. Garthwaite, M.D., Director & Chief Medical Officer	
TITLE		ADDRESS	
Contracts Administrator		1000 S Fremont Ave., Bldg A-9 East, 2nd Fl., Unit 4, Alhambra, CA 91803-137	
AMOUNT ENCUMBERED BY THIS DOCUMENT	PROGRAM/CATEGORY (CODE AND TITLE)	FUND TITLE	DEPARTMENT OF GENERAL SERVICES USE ONLY
\$21,209,503	FY 01/02: \$ FY 02/03: \$ FY 03/04: \$	HFF	
PRIOR AMOUNT ENCUMBERED FOR THIS DOCUMENT	(OPTIONAL USE)		
\$51,135,128	Local Assistance		
TOTAL AMOUNT ENCUMBERED TO DATE	ITEM	CHAPTER	STATUTE FISCAL YEAR
\$72,344,631	4280-603-0555	623	1997 03/04
	OBJECT OF EXPENDITURE (CODE AND TITLE)		
	9000-05200-751		
I hereby certify upon my own personal knowledge that budgeted funds are available for the period and purpose of the expenditure stated above		T.B.A. NO.	B.R. NO.
SIGNATURE OF ACCOUNTING OFFICER		DATE	



CONTRACTOR



STATE AGENCY



DEPT. OF

GEN. SER.



CONTROLLER

MRMIB/The County of L.A., dba: Community Health Plan
Agreement Number 00MHF007 A.3.

Page 3 of 19

3. Section IV, FISCAL PROVISIONS, is hereby amended to read as follows:

IV. FISCAL PROVISIONS

The Contractor agrees to arrange for the provision of medical benefits and case management services for subscribers in the Program as described in Section V. of this Agreement.

A Fees Provided to Contractor

1. As specified in Items IV.B. of this Agreement, the State will pay the Contractor a flat fee per month per subscriber child of the age of one and over for all services received by the subscriber, and a flat fee per month per subscriber child who is enrolled in the program under the age of one for all services received by the subscriber. For a subscriber child who is enrolled in the program under the age of one, the State will pay the infant rate through the end of the month of the child's first birthday, but for no more than twelve (12) months. The State will pay the Contractor a flat fee per month per subscriber parent under the age of forty-five (45) for all services received by the subscriber parent and a flat fee per month per subscriber parent age forty-five (45) and over for all services received by the subscriber parent. A subscriber's age will be determined on the first day of each month except as further provided herein. For a child who is enrolled in the program on or after the child's first birthday, the State shall pay at the rate for children age one and over, in accordance with Item IV.B.1. of this Agreement. These fees are set forth in the Confidential Attachment, Rates of Payment, which is hereby incorporated.
2. The State will pay the Contractor a lump sum payment for each delivery of one or more newborns to a subscriber parent enrolled in the Program as set forth in the Confidential Attachment, Rates of Payment. The Contractor shall be responsible for notifying the State of each delivery of one or more newborns to a subscriber parent enrolled in the Program as specified in Item IV.B.4.
3. In cases of subscriber eligibility and enrollment appeals, which results in liability of health care costs by the State, the Contractor will pay the provider for services delivered within 30 days upon notification by the State of the appeal findings and claim reimbursement from the State within 45 days after

MRMIB/The County of L.A., dba: Community Health Plan
Agreement Number 00MHF007 A.3.

Page 5 of 19

International Classification of Diseases, 9th Revision, Clinical Modification (ICD-9) codes: V27.0 through V27.9.

- a. The Contractor shall submit a monthly Lump Sum Delivery Financial Report to the State by the 10th day of each month, in a format specified by the State, requesting payment for delivery services provided to subscriber parents.
- b. With each monthly Lump Sum Delivery Financial Report the Contractor agrees to submit proof of delivery for each billed subscriber parent. Proof of delivery shall be a copy of a UB 92 hospital claim form, a copy of the subscriber parent's medical chart, or any other format mutually agreed to by the State and the Contractor.
- c. The Contractor understands and agrees that the State shall not make payments for any subscriber parent delivery without the proof described above in Item IV.B.4.b.
- d. The Contractor understands and agrees that the State may audit the Contractor's Lump Sum Delivery Financial Reports. The Contractor agrees to provide the State with the medical records of the subscriber parents selected and identified for audit. The Contractor agrees that if the results of the State audit determine that the lessor of (i) 10 percent (10%) or more or (ii) five (5) or more of the subscriber parent deliveries identified in the audit were billed incorrectly to the State, a further audit of medical records may be conducted by the State for all subscriber parent delivery lump sum payments made by the State to the Contractor for the previous twelve (12) months.
- e. The Contractor shall be allowed to submit a lump sum payment request for a subscriber parent delivery up to twelve (12) months after the date of delivery. The Contractor understands and agrees that requests for lump sum delivery payments for a subscriber parent more than twelve (12) months after the date of delivery will not be paid by the State.

MRMIB/The County of L.A., dba: Community Health Plan
Agreement Number 00MHF007 A.3.

Page 7 of 19

for subscriber children and subscriber parents using the following formula for each subscriber group:

a/b

Where "a" is : Total covered benefit and service costs of Contractor including incurred but not reported claim completion costs minus subscriber copayment requirements and amounts recovered pursuant to Item VIII. of this Agreement, and

where "b" is : Total premiums received by the Contractor.

2. The Contractor shall report the previous benefit year's loss ratio by January 1st of each year.
3. The Contractor understands that the State may make the results of the loss ratio report listed in 2. above available to the public.

G. Public Awareness

1. The Contractor agrees to engage in marketing efforts designed to increase public awareness of and enrollment in the Program. At a minimum these efforts shall include the following activities: the Contractor shall publicize its participation in the Program through its internal provider communications and through its general membership communication publications. All public awareness efforts must be approved by the State before being released in public and must be in compliance with the requirements of the Knox-Keene Health Care Service Plan Act of 1975, including amendments and applicable regulations. In the event that the State does not notify the Contractor in writing, with the reasons the marketing materials are not approved, within thirty (30) calendar days, the materials shall be deemed approved, unless the State subsequently withdraws approval.
2. The Contractor is prohibited from directly, indirectly, or through their agents, conducting in person, door to door, mail or telephone solicitation of applicants for enrollment except through employers with employees eligible to participate in the insurance purchasing credit.

MRMIB/The County of L.A., dba: Community Health Plan
Agreement Number 00MHF007 A.3.

Page 9 of 19

J. Prior to Fiscal Year/Crossing Fiscal Years

It is mutually agreed between the parties that this Agreement may have been signed and executed prior to the start of the 2000-01 State Fiscal Year, before ascertaining the availability of funds for the 2000-01 State Fiscal Year. This Agreement has also been written with a term which crosses State Fiscal Years, and therefore before ascertaining the availability of legislative appropriation of funds for the 2001-02, 2002-03 and 2003-04 State Fiscal Years. This Agreement is valid and enforceable only if sufficient funds are made available through the 2000-01, 2001-02, 2002-03 and 2003-04 State Budgets for the purposes of this Program. This Agreement is subject to any additional restrictions, limitations, or conditions enacted in statute by the State Legislature which may affect the provision, term or funding of this Agreement in any manner. It is mutually agreed that if the State Legislature does not appropriate sufficient funds for this Program, the Agreement shall be amended to reflect any reduction in funds and enrollment shall be curtailed by the State proportionately.

K. Healthy Families Fund Encumbrance

There is no specific maximum amount assigned to this Agreement. Rather, the Contractor is paid through a general encumbrance from the Healthy Families Fund apportioned to the Contractor on an as needed basis. Payments under this Agreement are limited to the provisions of Items IV. A. and IV. B. of this Agreement.

L. Fiscal Solvency

The Contractor agrees that it will at all times maintain the reserves required under the Knox-Keene Health Care Service Plan Act of 1975, as amended, and the regulations promulgated thereunder by the Department of Managed Health Care, including the Tangible Net Equity regulations.

Evidence of above solvency shall be made available to the State upon request.

M. Federally Funded Programs (Medicare & Medicaid)

The Contractor shall remain in good standing with the State Department of Health Services for services provided to Medi-Cal subscribers, with the federal Centers for Medicare and Medicaid Services for services provided to Medicare subscribers.

MRMIB/The County of L.A., dba: Community Health Plan
Agreement Number 00MHF007 A.3.

Page 11 of 19

2. If the State finds the Contractor to be out of compliance with the terms of the Agreement, the State may, after thirty (30) days written notice to the Contractor and an opportunity to cure such non-compliance or default within that thirty (30) day period, suspend thereafter enrollment of eligible subscribers in the Contractor's health plan. Notice provided to the Contractor pursuant to this section shall include a description of those actions/standards the Contractor must achieve for enrollment to be resumed. Resumption of enrollment is at the discretion of the State.
3. The State and the Contractor agree that the following sections of this Agreement contain objective performance standards to be met by the Contractor which will be monitored by the State:
 - a. Item II.E. Identification Cards, Provider Directory, and Evidence of Coverage or Certificate of Insurance Booklet
 - b. Item II, J. Network Information Service
 - c. Item II, K.2. and 3. Traditional and Safety Net Providers Reports
 - d. Item III, A. Telephone Service for Subscribers
 - e. Item III.B.2. Grievance Report
 - f. Item III.C.4.c. Cultural and Linguistic Services Report
 - g. Item IV.B.4.a. Lump Sum Delivery Financial Report
 - h. Item IV.E. Open Enrollment Materials Cost
 - i. Item IV.F.2. Minimum Loss Ratio Report
 - j. Item V.B.3. California Children's Services Report
 - k. Item V.D.3. Mental Health: Services for Subscribers with Serious Emotional Disturbance Report
 - l. Item V.H.3. Copayments Report

MRMIB/The County of L.A., dba: Community Health Plan
Agreement Number 00MHF007 A.3.

Page 13 of 19

Contractor shall be liable to the State for liquidated damages in the amount of two times the lump sum delivery payment made for each improper subscriber parent delivery billed by the Contractor and paid by the State. The State may request liquidated damage payment(s) directly from the Contractor or may deduct the liquidated damage payment(s) from the payment schedule specified in Item IV.B.

8. The parties agree that the damages for failure to provide the deliverables and/or meet the contractual performance standards described herein are not susceptible to calculation in advance and that the liquidated damage amounts specified in this Agreement represent an agreed estimate of what the future damages would be. These liquidated damages are not intended to be penalties.

P. Licensure

Department of Managed Health Care Regulatees

The Contractor assures the State that it has a license to provide services under this Agreement from its regulatory agency.

Q. Risk Assessment and Adjustment Process

The State may convene a Risk Assessment/Risk Adjustment Work Group for the purpose of exploring the necessity and feasibility of assessing and correcting for risk mix differences between health plans. The Contractor agrees to provide technical staff to participate in the Work Group to be convened by the State.

4. Item V.A, Covered and Excluded Benefits, is hereby amended to read as follows:

A. Covered and Excluded Benefits

1. Except as required by any provision of applicable law, only those benefits described in Article 3., Sections 2699.6700 through 2699.6707, of the Program regulations will be covered benefits under the terms of this Agreement. Those benefits excluded in Article 3. of the Program regulations will not be covered benefits. The Contractor shall set out the plan of coverage in an Evidence of Coverage booklet.

MRMIB/The County of L.A., dba: Community Health Plan
Agreement Number 00MHF007 A.3.

Page 15 of 19

2000 through June 30, 2001 and an aggregate amount from all health plans of \$374,000 has been paid to the Survey Vendor for July 2001 through June 30, 2002. The State has included nine cents (\$.09) per subscriber child per month to the Contractor's flat fee listed in the Confidential Attachment Rates of Payment. The State shall reduce the flat fee by nine cents (\$.09) per subscriber child per month once the aggregate amount from all health plans of \$299,086 for August 2000 through June 2001 and \$374,000 for July 2001 through June 2002 has been paid to the Survey Vendor.

- b. For the 2003-2004 contract year, the Contractor agrees to pay the Survey vendor a monthly survey benefit amount, to be determined by the State based upon plan enrollment, which determines the number of families to be surveyed. The State shall pay the Contractor this monthly survey benefit amount for a period of ten (10) months, starting in August, 2003, for the benefit of all children enrolled in the Program through the Contractor's health plan or until an aggregate amount from all participating health plans has been paid for the survey. The State will include the monthly survey benefit amount for a period of ten (10) months, starting in July, 2003, in separate, State generated payments to the Contractor. The State will adjust the final payment once the aggregate amount from all health plans has been made to the Survey Vendor.

- 6. The Contractor agrees to make payment to the Survey Vendor pursuant to the following schedule:

- a. Beginning in August, 2000 through June 30, 2001 or until the aggregate maximum amount for all health plans for that time period is paid, whichever occurs first, the Contractor will pay the Survey vendor nine cents (\$.09) per subscriber child, per month for each subscriber child enrolled in the Program through the Contractor in the prior calendar month. For example, the August 31, 2000 payment will be for subscriber children enrolled in the Program in July of 2000. Beginning in July, 2001 through June 30, 2002, or until the aggregate maximum amount for all health plans for that time period is paid, whichever occurs first, the Contractor will pay the Survey vendor nine cents (\$.09) per subscriber child, per month for each subscriber child enrolled in the Program through the Contractor in the prior calendar month. For the period beginning in July, 2003, through June 30, 2004, the

MRMIB/The County of L.A., dba: Community Health Plan
Agreement Number 00MHF007 A.3.

Page 17 of 19

- a. This Agreement itself, with the exception of the Confidential Attachment shall be open to disclosure upon execution.
- b. The Confidential Attachment or any amendment thereto reflecting a change in the rates of payment under this Agreement shall be open to public inspection three years after the Agreement or amendment, as applicable, has been fully executed. All documents and reports held by the State which refer to rates of payment shall also be kept from public inspection until three years after this Agreement or any applicable amendment has been fully executed.
- c. The records pertaining to the rate of payment, shall be open to inspection by the Joint Legislative Audit Committee and its authorized auditors. The Joint Legislative Audit Committee is bound by confidentiality requirements of Government Code Section 6254.
- d. The records pertaining to the rate of payment, shall be open to federal auditing authorized by the Department of Health and Human Services or the United States Comptroller General and their authorized representatives. The Department of Health and Human Services and the United States Comptroller General are bound by confidentiality requirements of Government Code Section 6254.
- e. The State shall also allow its own authorized auditors and actuarial consultants, whether public or private, access to the payment rates, and records containing payment rates. However, the State shall bind its auditors and actuarial consultants to the confidentiality requirements of Government Code Section 6254.

7. Item IX.DD, Confidentiality of Subscriber Data, is hereby amended to read as follows:

DD. Confidentiality of Subscriber Data

The State and Contractor agree to protect the confidentiality of individual data on subscribers and enrolled dependents in accordance with the Information Practices Act, Civil Code Section 1798 et seq., and the privacy and security regulations issued under the Health Insurance Portability and Accountability Act of 1996 (HIPAA).

MRMIB/The County of L.A., dba: Community Health Plan
Agreement Number 00MHF007 A.3.

Page 19 of 19

9. If applicable, Attachment A, Geographic Area Grid, is revised to add the geographic regions covered for July 1, 2003 through June 30, 2004 and is hereby attached to this Amendment and incorporated by reference as if fully set forth herein.
10. Attachment F, Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion – Lower Tier Covered Transactions, is revised effective June 28, 2003 and is hereby attached to this Amendment and incorporated by reference as if fully set forth herein.
11. The Confidential Attachment, Rates of Payment, is revised to add the rates of payment in effect from July 1, 2003 through June 30, 2004. This revised Confidential Attachment is hereby attached to this Amendment and incorporated by reference as if fully set forth herein.
12. The effective dates of this amendment are December 1, 2002, for the elimination of payment provisions for retroactive disenrollment, as specified in Items IV. B.3. and IV.C. and June 30, 2003 for the remaining changes.
13. All other terms and conditions remain unchanged and in full force and effect.

MRMIB/The County of Los Angeles, dba: Community Health Plan
 Agreement Number 00MHF007 A.3.

Attachment A
 Geographic Area Grid
 Page 4 of 4

Region	COUNTIES	Licensed Service Area
2	San Joaquin	
2	San Luis Obispo	
3	San Mateo	
4	Santa Barbara	
3	Santa Clara	
2	Santa Cruz	
1	Shasta	
1	Sierra	
1	Siskiyou	
2	Solano	
2	Sonoma	
2	Stanislaus	
1	Sutter	
1	Tehama	
1	Trinity	
1	Tulare	
1	Tuolumne	
4	Ventura	
1	Yolo	
1	Yuba	

CODE**X = Full county coverage**

(Licensed area covers all zip codes)

P = Partial county coverage

(License area covers some zip codes)

If a plan has partial coverage,

list those zip codes covered on the
diskette provided.**Leave box blank****if no county coverage**

MRMIB/The County of Los Angeles,
dba: Community Health Plan
Agreement Number 00MHF007 A.3.

Confidential Attachment Rates of Payment

Page 5 of 5

PREMIUM RATES

Subscriber Child Premium Rates for the July 1, 2003 - June 30, 2004 benefit year.

	Geographic Area 1	Geographic Area 2	Geographic Area 3	Geographic Area 4	Geographic Area 5	Geographic Area 6
Per Subscriber Child ages 1 thru 18	N/A	N/A	N/A	N/A	\$70.73	N/A

	Geographic Area 1	Geographic Area 2	Geographic Area 3	Geographic Area 4	Geographic Area 5	Geographic Area 6
Per Subscriber Child Under Age One	N/A	N/A	N/A	N/A	\$196.63	N/A

Due to the delay in the Healthy Families Program parental expansion, the 2003/2004 rates for subscriber parents and for the lump sum delivery payment, as described in Item IV.A. of this Agreement, have not been included in this Attachment.

MRMIB/The County of Los Angeles, dba: Community Health Plan
Agreement Number 00MHF007 A.3.

Attachment F
Page 2 of 3

CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY,
AND VOLUNTARY EXCLUSION – LOWER TIER COVERED TRANSACTIONS

Instructions for Certification

1. By signing and submitting this certification as part of this proposal, the prospective lower tier participant, is providing the certification set out below.
2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.
3. The prospective lower tier participant shall provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or had become erroneous by reason of changed circumstances.
4. The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meaning set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. You may contact the person to which this proposal is submitted for assistance in obtaining a copy of those regulations.
5. The prospective lower tier participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.
6. The prospective lower tier participant further agrees by submitting this proposal that it will include this clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from covered transactions, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Nonprocurement Programs.
8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
9. Except for transactions authorized under paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

EXHIBIT II

Contract No. _____ -1

COUNTY OF LOS ANGELES - COMMUNITY HEALTH PLAN
HEALTHY FAMILIES PROGRAM

HEALTH SERVICES AGREEMENT

AMENDMENT NO. 1

THIS AMENDMENT is made and entered into this _____ day
of _____, 2003,

by and between

COUNTY OF LOS ANGELES
(hereafter "County"),

and

(hereafter "Contractor").

WHEREAS, reference is made to that certain document entitled
"County of Los Angeles - Healthy Families Program Health Services
Agreement", dated June 20, 2000, and any amendments thereto, all
further identified as Agreement No. _____ (hereafter
"Agreement"); and

WHEREAS, the parties wish to extend the term of the
Agreement and provide for newly required County provisions; and

WHEREAS, Agreement provides that changes may be made in the
form of a written amendment which is formally approved and
executed by both parties.

NOW, THEREFORE, the parties agree as follows:

1. This Amendment shall become effective July 1, 2003
through June 30, 2004, unless terminated earlier pursuant to the
provisions of this Agreement.

2. Agreement Paragraph 2, TERM OF AGREEMENT, shall be
revised to read as follows:

"2. TERM OF AGREEMENT: This Agreement shall be effective on July 1, 2000 and shall remain in full force and effect to and including June 30, 2004, unless sooner canceled or terminated as provided herein.

If Contractor hereunder is participating in the provision of full risk health care services under Program (i.e., a primary care/specialty services provider affiliating with a hospital, or vice versa) the term of this Agreement shall be co-terminus with separate County Contract No. _____ for the affiliated health care services related to this Agreement. Thus, on the date the affiliated Program contract expires, is canceled, or is terminated, this Agreement shall also terminate."

3. Paragraph 53, PURCHASING RECYCLED-CONTENT BOND PAPER, shall be added to the Additional Provisions as follows:

"53. PURCHASING RECYCLED-CONTENT BOND PAPER:

Consistent with the Board of Supervisors' policy to reduce the amount of solid waste deposited at County landfills, Contractor agrees to use recycled-content paper to the maximum extent possible in connection with services to be performed by Contractor under this Agreement."

4. Paragraph 54, COMPLIANCE WITH HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 shall be added to the Additional Provisions as follows:

"54. COMPLIANCE WITH HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996: The parties acknowledge the existence of the Health Insurance Portability and Accountability Act of 1996 and its implementing regulations ("HIPAA"). Contractor understands and agrees that as a provider of medical treatment services, it is a "covered entity" under HIPAA and, as such, has obligations with respect to the confidentiality, privacy and security of patients' medical information, and must take certain steps to preserve the confidentiality of this information, both internally and externally, including the training of its staff and the establishment of proper procedures for the release of such information, and the use of appropriate consents and authorizations specified under HIPAA.

The parties acknowledge their separate and independent obligations with respect to HIPAA, and that such obligations relate to transactions and code sets, privacy, and security. Contractor understands and agrees that it is separately and independently responsible for compliance with HIPAA in all these areas and that County has not undertaken any responsibility for compliance on Contractor's behalf. Contractor has not relied, and will not in any way rely, on County for legal advice or other representations with respect to Contractor's obligations under HIPAA, but will

independently seek its own counsel and take the necessary measures to comply with the law and its implementing regulations.

Contractor and County understand and agree that each is independently responsible for HIPAA compliance and agree to take all necessary and reasonable actions to comply with the requirements of the HIPAA law and implementing regulations related to transactions and code set, privacy, and security. Each party further agrees to indemnify and hold harmless the other party (including their officers, employees, and agents), for its failure to comply with HIPAA."

5. Paragraph 55, COMPLIANCE WITH THE COUNTY'S JURY SERVICE PROGRAM COMPLIANCE shall be added to the Additional Provisions as follows:

"55. COMPLIANCE WITH THE COUNTY'S JURY SERVICE PROGRAM:

This Agreement is subject to the provisions of the County's ordinance entitled Contractor Employee Jury Service ("Jury Service Program") as codified in sections 2.203.010 through 2.203.090 of the Los Angeles County Code.

A. Unless Contractor has demonstrated to the County's satisfaction either that Contractor is not a "Contractor" as defined under the Jury Service Program (section 2.203.020 of the County Code) or that Contractor qualifies for an exception to the Jury

Service Program (section 2.203.070 of the County Code), Contractor shall have and adhere to a written policy that provides that its Employees shall receive from the Contractor, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that Employees deposit any fees received for such jury service with the Contractor or that the Contractor deduct from the Employee's regular pay the fees received for jury service.

B. For purposes of this subparagraph, "Contractor" means a person, partnership, corporation or other entity which has a contract with the County or a subcontract with a County Contractor and has received or will receive an aggregate sum of \$50,000 or more in any 12-month period under one or more County contracts or subcontracts. "Employee" means any California resident who is a full-time employee of Contractor. "Full-time" means 40 hours or more worked per week, or a lesser number of hours if: (1) the lesser number is a recognized industry standard as determined by the County, or (2) Contractor has a long-standing practice that defines the lesser number of hours as full-time. Full-time employees providing short-term, temporary services of ninety (90) days or less within a 12-month

period are not considered full-time for purposes of the Jury Service Program. If Contractor uses any subcontractor to perform services for the County under this Agreement, the subcontractor shall also be subject to the provisions of this subparagraph. The provisions of this subparagraph shall be inserted into any such subcontract agreement and a copy of the Jury Service Program shall be attached to the agreement.

C. If Contractor is not required to comply with the Jury Service Program when this Agreement commences, Contractor shall have a continuing obligation to review the applicability of its "exception status" from the Jury Service Program, and Contractor shall immediately notify County if Contractor at any time either comes within the Jury Service Program's definition of "Contractor" or if Contractor no longer qualifies for an exception to the Jury Service Program. In either event, Contractor shall immediately implement a written policy consistent with the Jury Service Program. The County may also require, at any time during this Agreement and at its sole discretion, that Contractor demonstrate to the County's satisfaction that Contractor either continues to remain outside of the Jury Service Program's definition of "Contractor"

and/or that Contractor continues to qualify for an exception to the Program. Attached hereto and incorporated herein by reference is the required form, "County of Los Angeles Contractor Employee Jury Service Program Certification Form and Application for Exception", to be completed by the Contractor.

D. Contractor's violation of this subparagraph of this Agreement may constitute a material breach of this Agreement. In the event of such material breach, County may, in its sole discretion, terminate this Agreement and/or bar Contractor from the award of future County contracts for a period of time consistent with the seriousness of the breach."

6. Paragraph 56, NOTICE TO EMPLOYEES REGARDING THE SAFELY SURRENDERED BABY LAW shall be added to the Additional Provisions as follows:

"56. NOTICE TO EMPLOYEES REGARDING THE SAFELY SURRENDERED BABY LAW: The Contractor shall notify and provide to its employees, and shall require each subcontractor to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. Attached hereto and incorporated herein by reference is the fact sheet and is also available

on the Internet at www.babysafela.org for printing purposes."

7. Paragraph 57, CONTRACTOR'S ACKNOWLEDGMENT OF COUNTY'S COMMITMENT TO THE SAFELY SURRENDERED BABY LAW shall be added to the Additional Provisions as follows:

"57. CONTRACTOR'S ACKNOWLEDGMENT OF COUNTY'S COMMITMENT TO THE SAFELY SURRENDERED BABY LAW: The Contractor acknowledges that the County places a high priority on the implementation of the Safely Surrendered Baby Law. The Contractor understands that it is the County's policy to encourage all County Contractors to voluntarily post the County's "Safely Surrendered Baby Law" poster in a prominent position at the Contractor's place of business. The Contractor will also encourage its Subcontractors, if any, to post this poster in a prominent position in the Subcontractor's place of business. The County's Department of Children and Family Services will supply the Contractor with the poster to be used."

8. Except for the changes set forth hereinabove, Agreement shall not be changed in any respect by this Amendment.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its

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Director of Health Services and Contractor has caused this
Amendment to be subscribed in its behalf by its duly authorized
officers, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____
Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

Contractor

By _____
Signature

Printed Name

Title

(AFFIX CORPORATE SEAL)

APPROVED AS TO FORM
BY THE OFFICE OF THE COUNTY COUNSEL
LLOYD W. PELLMAN
County Counsel

APPROVED AS TO CONTRACT
ADMINISTRATION:

Department of Health Services

By _____
Acting Chief, Contracts and
Grants Division

CD2378.CK
05/15/03

**COUNTY OF LOS ANGELES CONTRACTOR EMPLOYEE JURY SERVICE PROGRAM
APPLICATION FOR EXEMPTION AND CERTIFICATION FORM**

The County's solicitation for this contract/purchase order (Request for Proposal or Invitation for Bid) is subject to the County of Los Angeles Contractor Employee Jury Service Program (Program) (Los Angeles County Code, Chapter 2.203). All bidders or proposers, whether a contractor or subcontractor, must complete this form to either 1) request an exemption from the Program requirements or 2) certify compliance. Upon review of the submitted form, the County department will determine, in its sole discretion, whether the bidder or proposer is exempt from the Program.

Company Name:		
Company Address:		
City:	State:	Zip Code:
Telephone Number:	()	
Solicitation For (Type of Goods or Services):		

If you believe the Jury Service Program does not apply to your business, check the appropriate box in Part I (attach documentation to support your claim); or, complete Part II to certify compliance with the Program. Whether you complete Part I or Part II, please sign and date this form below.

Part I: Jury Service Program is Not Applicable to My Business

1. My Business does not meet the definition of "contractor", as defined in the Program as it has not received an aggregate sum of \$50,000 or more in any 12-month period under one or more County contracts or subcontracts (this exemption is not available if the contract/purchase order itself will exceed \$50,000). I understand that the exemption will be lost and I must comply with the Program if my revenues from the County exceed an aggregate sum of \$50,000 in any 12-month period.

1. My business is a small business as defined in the Program. It 1) has ten or fewer employees; and, 2) has annual gross revenues in the preceding twelve months which, if added to the annual amount of this contract, are \$500,000 or less; and, 3) is not an affiliate or subsidiary of a business dominant in its field of operation, as defined below. I understand that the exemption will be lost and I must comply with the Program if the number of employees in my business and my gross annual revenues exceed the above limits.

"Dominant in its field of operation" means having more than ten employees, including full-time and part-time employees, and annual gross revenues in the preceding twelve months, which, if added to the annual amount of the contract awarded, exceed \$500,000.

"Affiliate or subsidiary of a business dominant in its field of operation" means a business which is at least 20 percent owned by a business dominant in its field of operation or by partners, officers, directors, majority stockholders, or their equivalent, of a business dominant in that field of operation.

1. My business is subject to a Collective Bargaining Agreement (attach agreement) that expressly provides that it supersedes all provisions of the Program.

OR

Part II: Certification of Compliance

2. My business has and adheres to a written policy that provides, on an annual basis, no less than five days of regular pay for actual jury service for full-time employees of the business who are also California residents, or my company will have and adhere to such a policy prior to award of the contract.

I declare under penalty of perjury under the laws of the State of California that the information stated above is true and correct.

Print Name:	Title:
Signature:	Date:

No shame.

No blame.

No names.

**Newborns can be safely given up
at any Los Angeles County
hospital emergency room or fire station.**



In Los Angeles County:

1-877-BABY SAFE

1-877-222-9723

www.babysafela.org



State of California
Gray Davis, Governor

Health and Human Services Agency
Grantland Johnson, Secretary

Department of Social Services
Rita Saenz, Director



Los Angeles County Board of Supervisors

Gloria Molina, Supervisor, First District

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This initiative is also supported by First 5 LA and INFO LINE of Los Angeles.

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California's Safely Surrendered Baby Law allows parents to give up their baby confidentially. As long as the baby has not been abused or neglected, parents may give up their newborn without fear of arrest or prosecution.

How does it work?

A distressed parent who is unable or unwilling to care for a baby can legally, confidentially and safely give up a baby within three days of birth. The baby must be handed to an employee at a Los Angeles County emergency room or fire station. As long as the child shows no signs of abuse or neglect, no name or other information is required. In case the parent changes his or her mind at a later date and wants the baby back, workers will use bracelets to help connect them to each other. One bracelet will be placed on the baby, and a matching bracelet will be given to the parent.

What if a parent wants the baby back?

Parents who change their minds can begin the process of reclaiming their newborns within 14 days. These parents should call the Los Angeles County Department of Children and Family Services at 1-800-540-4000.

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In most cases, a parent will bring in the baby. The law allows other people to bring in the baby if they have legal custody.

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Once the parent(s) has safely turned over the baby, they are free to go.

Why is California doing this?

The purpose of the Safely Surrendered Baby Law is to protect babies from being abandoned by their parents and potentially being hurt or killed. You may have heard tragic stories of babies left in dumpsters or public bathrooms. The parents who committed these acts may have been under severe emotional distress. The mothers may have hidden their pregnancies, fearful of what would happen if their families found out. Because they were afraid and had nowhere to turn for help, they abandoned their infants. Abandoning a baby puts the child in extreme danger. It is also illegal. Too often, it results in the baby's death. Because of the Safely Surrendered Baby Law, this tragedy doesn't ever have to happen in California again.

A baby's story

At 8:30 a.m. on Thursday, July 25, 2002, a healthy newborn baby was brought to St. Bernardine Medical Center in San Bernardino under the provisions of the California Safely Surrendered Baby Law. As the law states, the baby's mother did not have to identify herself. When the baby was brought to the emergency room, he was examined by a pediatrician, who determined that the baby was healthy and doing fine. He was placed with a loving family while the adoption process was started.

Every baby deserves a chance for a healthy life. If someone you know is considering abandoning a newborn, let her know there are other options.

It is best that women seek help to receive proper medical care and counseling while they are pregnant. But at the same time, we want to assure parents who choose not to keep their baby that they will not go to jail if they deliver their babies to safe hands in any Los Angeles County hospital ER or fire station.

EXHIBIT III

Contract # H-213197-3

COMMUNITY HEALTH PLAN
TWENTY-FOUR HOUR TELEPHONE ANSWERING SUPPORT SERVICES

Amendment No. 3

THIS AMENDMENT is made and entered into this _____ day
of _____, 2003

by and between

COUNTY OF LOS ANGELES
(hereafter "County"),

and

ALERT COMMUNICATIONS COMPANY
(hereafter "Contractor").

WHEREAS, reference is made to that certain document entitled
"COMMUNITY HEALTH PLAN TWENTY-FOUR HOUR TELEPHONE ANSWERING
SUPPORT SERVICES AGREEMENT", dated November 20, 2001, further
identified as Agreement No. H-213197 (hereafter "Agreement"); and

WHEREAS, the parties wish to extend the term of the
Agreement and provide for newly required County provisions; and

WHEREAS, Agreement provides that changes may be made in the
form of a written amendment which is formally approved and
executed by both parties.

NOW, THEREFORE, the parties agree as follows:

1. This Amendment shall become effective July 1, 2003
through June 30, 2004, unless terminated earlier pursuant to the
provisions of this Agreement.

2. Agreement Paragraph 1, TERM, shall be revised to read as follows:

"1. TERM: The term of this Agreement shall be effective July 1, 2001 through June 30, 2004."

3. Agreement Paragraph 2, TERMINATION AND SUSPENSION, shall be revised to read as follows:

"2. TERMINATION AND SUSPENSION: The performance of services under this Agreement may be terminated, with or without cause, in whole or in part, from time to time when such action is deemed by County to be in its best interest. Termination of services hereunder shall be effected by delivery to Contractor of a thirty (30) calendar day advance Notice of Termination specifying the extent to which performance of services under this Agreement is terminated and the date upon which such termination becomes effective.

After receipt of a Notice of Termination and except as otherwise directed by County, Contractor shall:

1. Stop services under this Agreement on the date and to the extent specified in such Notice of Termination; and

2. Complete performance of such part of the services as shall not have been terminated by such Notice of Termination.

After receipt of a Notice of Termination, Contractor shall submit to County, in the form and with the certifications as may be prescribed by County, its termination claim and invoice. Such claim and invoice shall be submitted promptly, but not later than sixty (60) calendar days from the effective date of termination. Upon failure of Contractor to submit its termination claim and invoice within the time allowed, County may determine on the basis of information available to County, the amount, if any, due to Contractor in respect to the termination, and such determination shall be final. After such determination is made, County shall pay Contractor the amount so determined.

Contractor, for a period of five (5) years after final settlement under this Agreement, shall make available to County, at all reasonable times, all its books, records, documents, or other evidence bearing on the costs and expenses of Contractor under this Agreement in respect to the termination of services hereunder. All such books, records, documents, or other evidence shall be retained by Contractor at a location in

Southern California and shall be made available within ten (10) calendar days of prior written notice during County's normal business hours to services as shall not have been terminated by such Notice of Termination."

4. Agreement Paragraph 4, MAXIMUM OBLIGATION OF COUNTY shall be amended to read:

"4. MAXIMUM OBLIGATION OF COUNTY: During the period July 1, 2003 through June 30, 2004, the maximum obligation of County for Contractor's performance under this Agreement shall not exceed One Hundred Two Thousand Dollars (\$102,000)."

5. Paragraph 28, NOTICE TO EMPLOYEES REGARDING THE SAFELY SURRENDERED BABY LAW shall be added to the Additional Provisions as follows:

"28. NOTICE TO EMPLOYEES REGARDING THE SAFELY SURRENDERED BABY LAW: The Contractor shall notify and provide to its employees, and shall require each subcontractor to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. Attached hereto and incorporated herein by reference is the fact sheet and is also available

on the Internet at www.babysafela.org for printing purposes."

6. Paragraph 29, CONTRACTOR'S ACKNOWLEDGMENT OF COUNTY'S COMMITMENT TO THE SAFELY SURRENDERED BABY LAW shall be added to the Additional Provisions as follows:

"29. CONTRACTOR'S ACKNOWLEDGMENT OF COUNTY'S COMMITMENT TO THE SAFELY SURRENDERED BABY LAW: The Contractor acknowledges that the County places a high priority on the implementation of the Safely Surrendered Baby Law. The Contractor understands that it is the County's policy to encourage all County Contractors to voluntarily post the County's "Safely Surrendered Baby Law" poster in a prominent position at the Contractor's place of business. The Contractor will also encourage its Subcontractors, if any, to post this poster in a prominent position in the Subcontractor's place of business. The County's Department of Children and Family Services will supply the Contractor with the poster to be used."

7. Paragraph 30, COMPLIANCE WITH THE COUNTY'S JURY SERVICE PROGRAM COMPLIANCE shall be added to the Additional Provisions as follows:

"30. COMPLIANCE WITH HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996: The parties acknowledge the existence of the Health Insurance Portability and

Accountability Act of 1996 and its implement regulations ("HIPAA"). Contractor understands and agrees that it is a "Business Associate" under HIPAA and, as such, has obligations with respect to the confidentiality, privacy and security of patients' protected health information, and must take certain steps to preserve the confidentiality of this information, both internally and externally, including the training of its staff and the establishment of proper procedures for the release of such information, and the use of appropriate consents and authorizations specified under HIPAA.

Additional information about the parties' responsibilities under HIPAA are set forth in Addendum "A-1."

The parties acknowledge their separate and independent obligations with respect to HIPAA, and that such obligations relate to transactions and code sets, privacy, and security. Contractor understands and agrees that it is separately and independently responsible for compliance with HIPAA in all these areas and that County has not undertaken any responsibility for compliance on Contractor's behalf. Contractor has not relied, and will not in any way rely, on County for legal advice or other representations with respect to Contractor's obligations under HIPAA, but will

independently seek its own counsel and take the necessary measures to comply with the law and its implementing regulations.

Contractor and County understand and agree that each is independently responsible for HIPAA compliance and agree to take all necessary and reasonable actions to comply with the requirements of the HIPAA law and implementing regulations related to transactions and code set, privacy, and security. Each party further agrees to indemnify and hold harmless the other party (including their officers, employees, and agents), for its failure to comply with HIPAA."

8. Paragraph 31, NO PAYMENT FOR SERVICES PROVIDED FOLLOWING EXPIRATION/TERMINATION OF AGREEMENT shall be added to the Additional Provisions as follows:

"31. NO PAYMENT FOR SERVICES PROVIDED FOLLOWING EXPIRATION/TERMINATION OF AGREEMENT: Contractor shall have no claim against County for payment of any money or reimbursement, of any kind whatsoever, for any service provided by Contractor after the expiration or other termination of this Agreement. Should Contractor receive any such payment, it shall immediately notify County and shall immediately repay all such funds to County. Payment by County for services rendered after expiration/termination of this Agreement shall not

constitute a waiver of County's right to recover such payment from Contractor. This provision shall survive the expiration or other termination of this Agreement."

9. Except for the changes set forth hereinabove, Agreement shall not be changed in any respect by this Amendment.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its

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Director of Health Services, and Contractor has caused this Agreement to be subscribed in its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____
Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

ALERT COMMUNICATIONS COMPANY
Contractor

By _____
Signature

Print Name

Title

(AFFIX CORPORATE SEAL)

APPROVED AS TO FORM
BY THE OFFICE OF THE COUNTY COUNSEL
LLOYD W. PELLMAN
County Counsel

APPROVED AS TO CONTRACT
ADMINISTRATION:

Department of Health Services

By _____
Acting Chief, Contracts and
Grants Division

AGCD2379.CK
05/15/03

No shame.

No blame.

No names.

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**BUSINESS ASSOCIATE
PROTECTED HEALTH INFORMATION DISCLOSURE AGREEMENT**

L.A. CARE HEALTH PLAN, Business Associate

This Business Associate Protected Health Information Disclosure Agreement ("Agreement") is entered into effective this 1st day of July, 2003, by and between the County of Los Angeles ("Covered Entity"), and L.A. Care Health Plan ("Business Associate").

RECITALS

WHEREAS, the parties have executed an agreement whereby Business Associate provides services to Covered Entity, and Business Associate receives, has access to or creates Protected Health Information in order to provide those services ("Services Agreement");

WHEREAS, Covered Entity is subject to the Administrative Simplification requirements of the Health Insurance Portability and Accountability Act of 1996, and regulations promulgated thereunder, including the Standards for Privacy of Individually Identifiable Health Information at 45 Code of Federal Regulations Parts 160 and 164 ("Privacy Regulations");

WHEREAS, the Privacy Regulations require Covered Entity to enter into a contract with Business Associate in order to mandate certain protections for the privacy and security of Protected Health Information, and those Regulations prohibit the disclosure to or use of Protected Health Information by Business Associate if such a contract is not in place;

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties agree as follows:

DEFINITIONS

1.1 "Disclose" and "Disclosure" mean, with respect to Protected Health Information, the release, transfer, provision of access to, or divulging in any other manner of Protected Health Information outside Business Associate's internal operations or to other than its employees.

1.2 "Individual" means the person who is the subject of Protected Health Information and shall include a person who qualifies as a personal representative in accordance with 45 C.F.R. § 164.502(g).

1.3 "Protected Health Information" has the same meaning as the term "protected health information" in 45 C.F.R. § 164.501, limited to the information created or received by Business Associate from or on behalf of Covered Entity. Protected Health Information includes information that (i) relates to the past, present or future physical or mental health or condition of an Individual; the provision of health care to an Individual, or the past, present or future payment for the provision of health care to an Individual; (ii) identifies the Individual (or for which there is a reasonable basis for believing that the information can be used to identify the Individual); and (iii) is received by Business Associate from or on behalf of Covered Entity, or is created by Business Associate, or is made accessible to Business Associate by Covered Entity.

1.4 "Required By Law" means a mandate contained in law that compels an entity to make a Use or Disclosure of Protected Health Information and that is enforceable in a court of law. Required by law includes, but is not limited to, court orders and court-ordered warrants; subpoenas or summons issued by a court, grand jury, a governmental or tribal inspector general, or any administrative body authorized to require the production of information; a civil or an authorized investigative demand; Medicare conditions of participation with respect to health care providers participating in the program; and statutes or regulations that require the production of information, including statutes or regulations that require such information if payment is sought under government program providing benefits.

1.5 "Services" has the same meaning as in the Services Agreement.

1.6 "Use" or "Uses" mean, with respect to Protected Health Information, the sharing, employment, application, utilization, examination or analysis of such Information within Business Associate's internal operations.

1.7 Terms used, but not otherwise defined, in this Agreement shall have the same meaning as those terms in the Privacy Regulations.

OBLIGATIONS OF BUSINESS ASSOCIATE

2.1 Permitted Uses and Disclosures of Protected Health Information. Business Associate:

(a) shall Use and Disclose Protected Health Information as necessary to perform the Services, and as provided in Sections 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 4.3 and 5.2 of this Agreement;

(b) shall Disclose Protected Health Information to Covered Entity upon request;

(c) may, as necessary for the proper management and administration of its business or to carry out its legal responsibilities:

(i) Use Protected Health Information; and

(ii) Disclose Protected Health Information if the Disclosure is Required by Law.

Business Associate shall not Use or Disclose Protected Health Information for any other purpose.

2.2 Adequate Safeguards for Protected Health Information.

Business Associate warrants that it shall implement and maintain appropriate safeguards to prevent the Use or Disclosure of Protected Health Information in any manner other than as permitted by this Agreement. Business Associate agrees to limit the Use and Disclosure of Protected Health Information to the minimum necessary in accordance with the Privacy Regulation's minimum necessary standard.

2.3 Reporting Non-Permitted Use or Disclosure. Business Associate shall report to Covered Entity each Use or Disclosure that is made by Business Associate, its employees, representatives, agents or subcontractors but is not specifically permitted by this Agreement. The initial report shall be made by telephone call to [the Departmental Privacy Officer], telephone number _____ within forty-eight (48) hours from the time the Business Associate becomes aware of the non-permitted Use or Disclosure, followed by a full written report to the Chief Information Privacy Officer, at [insert address] no later than ten (10) business days from the date the Business Associate becomes aware of the non-permitted Use or Disclosure.

2.4 Mitigation of Harmful Effect. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a Use or Disclosure of Protected Health Information by Business Associate in violation of the

requirements of this Agreement.

2.5. Availability of Internal Practices, Books and Records to Government Agencies. Business Associate agrees to make its internal practices, books, and records relating to the Use and Disclosure of Protected Health Information available to the Secretary of the federal Department of Health and Human Services for purposes of determining Covered Entity's combined with the Privacy Regulations. Business Associate shall immediately notify Covered Entity of any requests made by the Secretary and provide Covered Entity with copies of any documents produced in response to such request.

2.6 Access to Protected Health Information. Business Associate shall, to the extent Covered Entity determines that any Protected Health Information constitutes a "designated record set" as defined by 45 C.F.R. § 164.501, make the Protected Health Information specified by Covered Entity available to the Individual(s) identified by Covered Entity as being entitled to access and copy that Protected Health Information. Business Associate shall provide such access for inspection of that Protected Health Information within two (2) business days after receipt of request from Covered Entity. Business Associate shall provide copies of that Protected Health Information within five (5) business days after receipt of request from Covered Entity.

2.7 Amendment of Protected Health Information. Business Associate shall, to the extent Covered Entity determines that any Protected Health Information constitutes a "designated record set" as defined by 45 C.F.R. § 164.501, make any amendments to Protected Health Information that are requested by Covered Entity. Business Associate shall make such amendment within ten (10) days after receipt of request from Covered Entity in order for Covered Entity to meet the requirements under 45 C.F.R. § 164.526.

2.6 Accounting of Disclosures. Upon Covered Entity's request, Business Associate shall provide to Covered Entity an accounting of each Disclosure of Protected Health Information made by Business Associate or its employees, agents, representatives or subcontractors.

[Optional, to be used when all Uses and Disclosures permitted in order to perform the Services will be for the Covered Entity's payment or health care operations activities: However, Business Associate is not required to provide an accounting of Disclosures that are necessary to perform the Services because such Disclosures are for either payment or health care operations purposes, or both.]

Any accounting provided by Business Associate under this Section 2.8 shall include: (a) the date of the Disclosure; (b) the name, and address if known, of the entity or person who received the Protected Health Information; (c) a brief description of the Protected Health Information disclosed; and (d) a brief statement of the purpose of the Disclosure. For each Disclosure that could require an accounting under this Section 2.8, Business Associate shall document the information specified in (a) through (d), above, and shall securely maintain the information for six (6) years from the date of the Disclosure. Business Associate shall provide to Covered Entity, within ten (10) days after receipt of request from Covered Entity, information collected in accordance with this Section 2.8 to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528.

OBLIGATION OF COVERED ENTITY

3.1 Obligation of Covered Entity. Covered Entity shall notify Business Associate of any current or future restrictions or limitations on the use of Protected Health Information that would affect Business Associate's performance of the Services, and Business Associate shall thereafter restrict or limit its own uses and disclosures accordingly.

TERM AND TERMINATION

4.1 Term. The term of this Agreement shall be the same as the term of the Services Agreement. Business Associate's obligations under Sections 2.1 (as modified by Section 4.2), 2.3, 2.4, 2.5, 2.6, 2.7, 4.3 and 5.2 shall survive the termination or expiration of this Agreement.

4.2 Termination for Cause. In addition to and notwithstanding the termination provisions set forth in the Services Agreement, upon Covered Entity's knowledge of a material breach by Business Associate, Covered Entity shall either:

- (a) Provide an opportunity for Business Associate to cure the breach or end the violation and terminate this Agreement if Business Associate does not cure the breach or end the violation within the time specified by Covered Entity;

- (b) Immediately terminate this Agreement if Business Associate has breached a material term of this Agreement and cure is not possible; or

©) If neither termination nor cure are feasible, Covered Entity shall report the violation to the Secretary of the federal Department of Health and Human Services.

4.3 Disposition of Protected Handling Protected Health Information Upon Termination.

(a) Except as provided in paragraph (b) of this section, upon termination for any reason or expiration of this Agreement and the Services Agreement, Business Associate shall return or destroy all Protected Health Information received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity. This provision shall apply to Protected Health Information that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the Protected Health Information.

(b) In the event that Business Associate determines that returning or destroying the Protected Health Information is infeasible, Business Associate shall provide to Covered Entity notification of the conditions that make infeasible. If return or destruction is infeasible, Business Associate shall extend the protections of this Agreement to such Protected Health Information and limit further Uses and Disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such Protected Health Information.

MISCELLANEOUS

5.1 No Third Party Beneficiaries. Nothing in this Agreement shall confer upon any person other than the parties and their respective successors or assigns, any rights, remedies, obligations, or liabilities whatsoever.

5.2 Use of Subcontractors and Agents. Business Associate shall require each of its agents and subcontractors that receive Protected Health Information from Business Associate, or create Protected Health Information for Business Associate, on behalf of Covered Entity, to execute a written agreement obligating the agent or subcontractor to comply with all the terms of this Agreement.

5.3 Relationship to Services Agreement Provisions. In the event that a provision of this Agreement is contrary to a provision of the Services Agreement, the provision of this Agreement shall control. Otherwise, this Agreement shall be construed under, and in accordance with, the terms of the Services Agreement.

5.4 Regulatory References. A reference in this Agreement to a section in the Privacy Regulations means the section as in effect or as amended.

5.5 Interpretation. Any ambiguity in this Agreement shall be resolved in favor of a meaning that permits Covered Entity to comply with the Privacy Regulations.

5.6 Amendment. The parties agree to take such action as is necessary to amend this Agreement from time to time as is necessary for Covered Entity to comply with the requirements of the Privacy Regulations.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date stated above.

Business Associate:

CLIENT:

By: _____

By: _____

Title: _____

Title: _____

Dated: _____

Dated: _____